

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	No. 04 CR
)	
v.)	Violations: Title 18, United
)	States Code, Sections 2, 1001,
SCOTT FAWELL,)	1341, 1343 and 1346
ALEXANDRA COUTRETSIS,)	
also known as Andrea Prokos)	
JAMES NAGLE,)	
ELIZABETH KOSKI,)	
JULIE STARSIAK, and)	
RONAN POTTS LLC)	

COUNT ONE

The SPECIAL AUGUST 2003-1 GRAND JURY charges:

1. At times material to this indictment:

A. Metropolitan Pier & Exposition Authority

i. The Metropolitan Pier and Exposition Authority (hereinafter “the Authority”) was a municipal corporation and unit of local government established and existing under the laws of the State of Illinois, 70 ILCS 210/1-28 (hereinafter the “Authority Act”). The Authority, which had its principal offices in Chicago, Illinois, managed and operated McCormick Place and Navy Pier, each of which was located in Chicago, Illinois. McCormick Place was Chicago’s major convention center, and Navy Pier was a commercial site, focusing on tourism and recreational activities. In addition to McCormick Place and Navy Pier, the Authority owned and operated a hotel adjacent to McCormick Place, known as the McCormick Place Hyatt, that was managed by the Hyatt Corporation pursuant to an operating agreement with the Authority.

ii. The Authority was operated by a full-time Chief Executive Officer

(hereinafter the “CEO”), appointed by the Governor of the State of Illinois (the “Governor”), and a Chairman of the Board of Directors, appointed by the Mayor of the City of Chicago (the “Mayor”). The Authority was further governed by a twelve-person Board of Directors, six of whom were appointed by the Mayor and six of whom were appointed by the Governor.

iii. The CEO was charged with overseeing the activities of the Authority, and along with the CEO’s staff, department heads of the Authority, and the Authority’s Board of Directors, had primary responsibility for managing the financial operations of the Authority, making personnel decisions, hiring vendors, awarding contracts and setting Authority policy.

B. Defendants and Other Individuals and Entities:

i. **SCOTT FAWELL:** In or about January 1999, defendant FAWELL was appointed the CEO of the Authority and held this position until at least the end of 2002. For periods from in or about January 1991 through in or about January 1999, FAWELL was the chief of staff for the Office of Secretary of State. During this same time period, FAWELL also served as an official of Citizens For Ryan, a political organization supporting the political efforts of George H. Ryan, Sr.

ii. **ALEXANDRA COUTRETSIS:** In or about January 1999, after FAWELL was named CEO of the Authority, FAWELL named COUTRETSIS, then known as Andrea Prokos, his executive assistant. In or about mid-2000, FAWELL named COUTRETSIS the Authority’s director of operations. In these capacities and through at least March 2002, COUTRETSIS reported directly to FAWELL. For periods from in or about January 1993 through January 1999, COUTRETSIS reported to FAWELL in his positions with the Office of the Secretary of State and Citizens For Ryan.

iii. **RONAN POTTS LLC:** Created in or about September 1998, defendant RONAN POTTS LLC (hereinafter “RONAN POTTS”) was a Chicago-based lobbying firm whose principals included a close associate of defendant FAWELL (hereinafter “Fawell Associate 1”). Among other services, RONAN POTTS provided lobbying services to clients seeking to do business with local and state governmental entities, including the Authority. From the formation of RONAN POTTS through in or about February 2003, RONAN POTTS was a party to a written agreement with Jacobs Facilities Inc., a construction and engineering company whose principal place of business was St. Louis, Missouri (hereinafter “Jacobs”) in which RONAN POTTS agreed to provide lobbying services to Jacobs in return for a monthly retainer fee. Through in or about June 2001, Jacobs paid RONAN POTTS \$4,000 per month under the terms of its written agreement. In or about July 2001, Jacobs increased the RONAN POTTS monthly retainer to \$6,000 per month, with RONAN POTTS agreeing to provide additional services to Jacobs. The \$6,000 per month retainer payments continued through February 2003, with said payments being deposited into a RONAN POTTS bank account maintained at LaSalle Bank.

iv. **James Nagle:** Beginning in or about November 1995, Nagle became an employee of Jacobs. In or about 2001, Nagle became the general manager of operations for Jacobs’ Chicago office and was Jacobs’ chief operations person relating to its efforts to obtain the Authority’s West Expansion Project Owner’s Consultant contract (hereinafter “Owner’s Consultant contract”), as described herein.

v. **Elizabeth Koski:** Beginning in or about August 2000, Koski was hired by Jacobs as the business development manager of Jacobs’ Chicago office. Koski became the chief sales person for Jacobs relating to its effort to obtain the Owner’s Consultant contract, as described

herein.

vi. **Julie Starsiak:** Starsiak was a vice president of defendant RONAN POTTS. In this capacity and as an officer of RONAN POTTS, Starsiak was a lobbyist registered with the State of Illinois and, along with Fawell Associate 1, engaged in lobbying efforts relating to various governmental agencies. On behalf of RONAN POTTS, Starsiak was a principal contact person for Jacobs in its efforts to obtain the Owner's Consultant contract, as described herein.

Applicable Laws, Duties, Policies and Procedures

C. Defendants FAWELL and COUTRETSIS, as officers of the Authority, were bound by the following laws, duties, policies and procedures:

i. In their respective capacities as Authority officials, defendant FAWELL and COUTRETSIS each owed a duty of honest services to the Authority and the people of the State of Illinois in the performance of their public duties.

ii. Pursuant to the criminal laws of the State of Illinois, including 720 ILCS 5/33E-5, defendants FAWELL and COUTRETSIS were each prohibited from knowingly disclosing to any interested person any information related to the terms of a sealed bid by any other means except as provided by law or necessary to the performance of their official responsibilities relating to the bid.

iii. Pursuant to the criminal laws of the State of Illinois (50 ILCS 105/3), defendants FAWELL and COUTRETSIS were prohibited from being, in any manner, financially interested, either directly or indirectly, in any contract or the performance of any work in regard to which FAWELL and COUTRETSIS may have been called upon to act.

iv. Pursuant to the criminal laws of the State of Illinois (720 ILCS 5/33-1(d)),

defendants FAWELL and COUTRETSIS were each prohibited from receiving, retaining, or agreeing to accept any property or personal advantage which each was not authorized by law to accept, knowing that such property or personal advantage was promised or tendered with intent to cause each person to influence the performance of any act related to the employment or function of each's office.

v. Pursuant to the criminal laws of the State of Illinois (720 ILCS 5/33-3(c) and (d)), defendants FAWELL and COUTRETSIS were each prohibited from committing the following acts in their individual official capacity: (1) performing any act in excess of their lawful authority, with intent to obtain a personal advantage for themselves or others; and (2) soliciting or knowingly accepting, for the performance of any act, a fee or reward which they knew was not authorized by law.

vi. Pursuant to the criminal laws of the State of Illinois, including the Illinois Governmental Ethics Act (5 ILCS 420/4A-101 and 106), defendants FAWELL and COUTRETSIS were obligated to file annually a Statement of Economic Interest with the County of Cook, wherein each was required to disclose, among other things: the name of any entity from which a gift or gifts valued singly or in the aggregate in excess of \$500 was received during the preceding calendar year.

vii. Pursuant to the criminal laws of the State of Illinois, including the Illinois Gift Ban Act (5 ILCS 425/10), except as otherwise provided by the Gift Ban Act, public officials were prohibited from soliciting or accepting any gifts from any prohibited source or in violation of any federal or state statute, rule or regulation.

viii. As of May 12, 1999, pursuant to the Code of Conduct Revisions and Statement of Commitment from the Chief Executive Officer (hereinafter the "CEO Conduct Memo")

signed by FAWELL, which was distributed to all Authority employees, the provisions of the Gift Ban Act and other applicable criminal statutes were explicitly incorporated into the Authority's Code of Conduct and thus applicable to all Authority employees, including defendants FAWELL and COUTRETSIS.

ix. Furthermore, pursuant to the CEO Conduct Memo, all Authority employees, including defendants FAWELL and COUTRETSIS, were bound by the following restrictions relating to their employment-related actions:

a. No employee was permitted to engage in any conduct which hindered free competition and trade among businesses or gave an appearance of such illegal actions.

b. No employee was permitted to participate in any conduct which might be interpreted as collaboration or collusion with businesses to unfairly favor one competitor over another.

c. No employee was permitted to be involved in the unauthorized exchange of any proprietary or confidential business information.

d. No employee was permitted to engage in the unauthorized use or conversion of any Authority asset, including confidential information.

e. No employee was permitted to engage in the unauthorized use or conversion of any Authority asset for purposes unrelated to Authority business.

D. In performing lobbying and consulting functions relating to the Authority, agents of RONAN POTTS, including Julie Starsiak and Fawell Associate 1, were bound by the following laws and duties:

i. Pursuant to the criminal laws of the State of Illinois (720 ILCS 5/33-1(c)), each

RONAN POTTS agent was prohibited from promising or tendering to a public official, with intent to influence the performance of any official act, any property or personal advantage which the public officer would not be authorized by law to accept.

ii. Pursuant to the Lobbyist Registration Act (25 ILCS 170/1-12), agents of RONAN POTTS who were registered lobbyists each had an obligation to disclose in annual statements filed with the Office of the Secretary of State all expenditures related to lobbying, and to itemize any expenditures over \$100 made on behalf of, or benefits given to, any legislative or executive branch official, including gifts and travel and entertainment expenses.

E. By no later than early 2001, FAWELL, then the CEO of the Authority, came to believe that certain alleged activities relating to his prior employment were being investigated as part of a federal Grand Jury investigation.

i. Throughout the course of that investigation, numerous individuals, working with and under the supervision of federal investigators, agreed to record conversations and wear recording devices to assist in gathering evidence.

ii. On or about March 15, 2001, a close personal associate of defendant FAWELL named Larry Hall, who had cooperated with federal investigators and participated in the recording of numerous conversations as part of the investigation, was charged with federal criminal offenses. On or about that date, FAWELL learned that Hall was charged with wrongdoing.

iii. Beginning in or about August 2001 and continuing thereafter, subpoenas relating to that investigation were served on a number of then Authority employees who were close associates of FAWELL and who had worked with FAWELL at his previous employment. In or about that same time, FAWELL, then the CEO of the Authority, learned of the issuance of the

subpoenas.

Authority-Related Grand Jury Investigation

F. On or about October 21, 2002, a federal grand jury sitting in the Northern District of Illinois began a separate investigation into, among other things, alleged wrongdoing committed by employees and officials of the Authority, including defendant FAWELL (the “Authority Grand Jury Investigation”).

i. On or about February 13, 2003, in furtherance of the Authority Grand Jury Investigation, James Nagle and Elizabeth Koski were interviewed by federal investigators. At the time of the interviews, Nagle and Koski were each aware of the existence of the Authority Grand Jury Investigation.

ii. On or about April 14, 2003, in furtherance of the Authority Grand Jury Investigation, a grand jury subpoena was issued to Jacobs seeking, among other things, documents pertaining to Jacobs’s relationship with defendant RONAN POTTS on Authority business (hereinafter the “Grand Jury Subpoena”).

iii. On or about July 16, 2003, the Chief Judge of the United States District Court
for the Northern District of Illinois entered an Order, pursuant to Title 18, United States Code, Section 6002 (the “Immunity Order”), compelling Julie Starsiak’s appearances and testimony before the Authority Grand Jury. The Immunity Order provided, among other things, that no testimony of Starsiak compelled under the Order could be used against Starsiak in any criminal case except a prosecution for perjury, giving of a false statement, or otherwise failing to comply with the Immunity Order.

iv. On or about July 16, 2003, in furtherance of the Authority Grand Jury Investigation, Julie Starsiak was first interviewed by federal law enforcement agents on July 16, 2003. Additional interviews of Starsiak were conducted on September 12, 2003 and September 15, 2003. On each of these occasions, the parties agreed that the terms of the Immunity Order would apply to the law enforcement interviews.

v. On or about July 18, 2003, in furtherance of the Authority Grand Jury Investigation, James Nagle and Elizabeth Koski were re-interviewed by federal investigators.

2. At times material to this Indictment:

West Expansion Project

A. In or about early 2001, the Authority petitioned the Illinois General Assembly for authorization and funding relating to the McCormick Place West Expansion Project (hereinafter the “West Expansion Project”). The proposed West Expansion Project included the construction of two million gross square feet of new facilities, the renovation of certain existing facilities and the making of certain offsite improvements in furtherance of the Authority’s business.

B. On or about May 31, 2001, the Illinois General Assembly passed legislation authorizing and funding the West Expansion Project in the amount of approximately \$800 million. Said funding was to be accomplished through the extension of certain taxes.

C. On or about July 17, 2001, the Authority issued a Request For Qualifications and Proposal for construction consulting teams (hereinafter “RFQP”). The purpose of the RFQP was to solicit qualified teams for the purpose of selecting one such team for the Owner’s Consultant contract to oversee, on behalf of the Authority, the \$800 million construction of the West Expansion Project. Pursuant to the terms of the RFQP, on August 7, 2001, interested teams were to submit

their relevant credentials along with sealed bids containing a total pricing estimate. The RFQP further stated that it was anticipated that the Authority would complete its evaluation and selection of a qualified team within 90 days of the due date of the sealed responses. Pursuant to later amendments to the RFQP, the deadline for submission was postponed to August 28, 2001.

D. On or about August 28, 2001, pursuant to the amended RFQP, seven teams, each with a lead firm, submitted their credentials and bids in sealed responses (hereinafter “sealed bid packages”). Each team’s sealed bid package also contained the names of firms within the team that were identified as minority-owned or women-owned firms for the purpose of fulfilling the goals detailed in the RFQP of having 25% of the work performed by minority owned firms and 5% of the work performed by women owned firms (hereinafter collectively “minority firm participation”). Following receipt of the sealed bid packages from the seven teams, officials of the Authority analyzed the seven proposals for compliance with the RFQP. Following this, certain Authority officials distributed summary information regarding the sealed bid packages to other high-ranking Authority officials, including defendants FAWELL and COUTRETSIS.

E. In the August 28, 2001 submittals, one team, led by a firm (hereinafter identified as “Company A”), had the lowest sealed bid at approximately \$12.9 million. A second team, led by Jacobs, had the second lowest bid at approximately \$18.8 million.

F. On or about October 18, 2001, Authority officials overseeing the RFQP process “short listed” the four teams, including Company A and Jacobs, with the lowest sealed bid proposals and invited each for an interview with certain Authority representatives, including defendants FAWELL and COUTRETSIS (hereinafter the “Authority Committee”). On October 25, 2001, each of the four teams was interviewed by the Authority Committee. At the conclusion of the interviews

and after the Authority Committee conferred, the Authority Committee decided that each of the four teams was qualified and the voting members of the Authority Committee recommended that each be given an opportunity to provide a “best and final offer” within twenty four hours and that the Authority then select the team providing the lowest best and final offer, even though the Authority was not obligated to take the lowest bidder for the Owner’s Consultant contract.

G. On October 26, 2001, at approximately 12:00 p.m., each of the four teams presented a best and final offer to the Authority. Upon the Authority Committee’s subsequent review of the best and final offer numbers, the voting members of the Authority Committee unanimously chose to nominate Jacobs, which had the lowest best and final offer, to the Authority Board for selection for the Owner’s Consultant contract. On or about December 13, 2001, upon recommendation to the Authority Board by the voting members of the Authority Committee, Jacobs was selected to receive the Owner’s Consultant contract .

H. On or about December 17, 2001, Jacobs received the written Owner’s Consultant contract and began work on the West Expansion Project. Shortly thereafter, on behalf of the Authority, defendant FAWELL executed the Owner’s Consultant contract .

The Scheme To Defraud

3. Beginning no later than early 2001 and continuing to at least September 2003, in the Northern District of Illinois, Eastern Division, and elsewhere:

SCOTT FAWELL,
ALEXANDRA COUTRETSIS and
RONAN POTTS,

defendants herein, as well as Fawell Associate 1, James Nagle, Elizabeth Koski, Julie Starsiak and others known and unknown to the Grand Jury, devised and intended to devise, and participated in,

a scheme and artifice to defraud the Authority of money (including payments pursuant to the Owner's Consultant contract), property (including proprietary, confidential and otherwise non-public information relating to the Owner's Consultant contract, as described below), and the intangible right to the honest services of defendants FAWELL, COUTRETSIS and other officials and employees of the Authority, and to obtain money and property from the Authority by means of materially false and fraudulent pretenses, representations, promises and material omissions, and in furtherance thereof used the United States mails, other interstate carriers, and interstate wires, which scheme is further described in the following paragraphs:

Manipulating The Award Of The Owner's Consultant contract

Aborted Agreement to Steer Contract to Company B

4. It was part of the scheme to defraud that, in and around the Spring of 2001 when funding for the West Expansion Project was approved, defendant FAWELL had a series of conversations with an individual known to him (hereinafter "Fawell Associate 2"), in which FAWELL agreed to steer the Owner's Consultant contract to a construction and engineering firm, (hereinafter "Company B"), in return for Company B providing FAWELL various personal financial benefits, including employment with Company B in the future.

5. It was further part of the scheme that, after FAWELL's agreement to steer the Owner's Consultant contract had been made known to representatives of Company B, Fawell Associate 2 and FAWELL agreed that FAWELL should not pursue assisting Company B in obtaining the Owner's Consultant contract because of their belief that a federal Grand Jury investigation was focusing on FAWELL.

FAWELL Directs COUTRETSIS to Provide Authority Information to RONAN POTTS

6. It was further part of the scheme that, prior to the August 28, 2001 deadline for the sealed bid packages, defendant FAWELL informed defendant COUTRETSIS that defendant RONAN POTTS was representing Jacobs in Jacobs' efforts to obtain the Owner's Consultant contract from the Authority.

7. It was further part of the scheme that, after defendant FAWELL spoke with Fawell Associate 1, FAWELL informed defendant COUTRETSIS that Julie Starsiak, an officer and agent of defendant RONAN POTTS, would be COUTRETSIS' contact point for Jacobs on the Owner's Consultant contract process. FAWELL further directed COUTRETSIS that COUTRETSIS should provide Starsiak all information relating to the Owner's Consultant contract that FAWELL's office received.

First Disclosure to RONAN POTTS: Sealed Pricing Information

8. It was further part of the scheme that, on or about August 30, 2001, shortly after each team submitted its sealed bid packages to the Authority, COUTRETSIS provided the exact bid amounts of the competitors' sealed bid packages, which was then confidential, non-public information, to Starsiak, an agent of defendant RONAN POTTS, for the purpose of assisting Jacobs' efforts to win the Owner's Consultant contract .

9. It was further part of the scheme that, shortly after COUTRETSIS made the pricing disclosure to Starsiak, she informed defendant FAWELL of her actions and FAWELL approved the disclosure.

10. It was further part of the scheme that, shortly after receiving the information from defendant COUTRETSIS, Starsiak, an officer and agent of defendant RONAN POTTS, provided

the sealed pricing information to Fawell Associate 1 and disclosed the sealed pricing information of the competitors to James Nagle, a representative of Jacobs, which information was then used by Jacobs officials in Jacobs' efforts to win the Owner's Consultant contract.

Second Disclosure to RONAN POTTS: "Short List" and Interview Information

11. It was further part of the scheme that, in or about early October 2001, after the Authority internally decided to "short list" four of the seven teams and invite each of the short listed teams for an in-person interview with the Authority Committee, COUTRETSIS, with FAWELL's knowledge and concurrence, provided the "short listing" and interview information, which was then confidential, non-public information to be released at a later date, to Julie Starsiak, an officer and agent of RONAN POTTS, for the purpose of assisting Jacobs' efforts to win the Owner's Consultant contract.

12. It was further part of the scheme that, after receiving the information from defendant COUTRETSIS, on or about October 2, 2001, Starsiak, an officer and agent of defendant RONAN POTTS, relayed the short listing and interview information to Elizabeth Koski, a representative of Jacobs, which information was used by Jacobs officials in its efforts to win the Owner's Consultant contract. By receiving notice of the short list decision more than two weeks prior to the Authority officially notifying the four teams, Jacobs received additional time to prepare for the short list interviews with the Authority.

Third Disclosure to RONAN POTTS: Minority Firm Participation Information

13. It was further part of the scheme that, prior to the October 25, 2001, interviews of the short listed teams, COUTRETSIS, with FAWELL's knowledge and concurrence, provided the information about how the other short listed bidders planned to satisfy the minority firm

participation goals, which was then confidential, non-public information, to Julie Starsiak, an officer and agent of defendant RONAN POTTS, for the purpose of assisting Jacobs' efforts to win the Owner's Consultant contract.

14. It was further part of the scheme that, after receiving the minority firm participation information from defendant COUTRETSIS, on or about October 19, 2001, Starsiak, an officer and agent of defendant RONAN POTTS, relayed the minority firm participation information to Elizabeth Koski, a representative of Jacobs, which information was used by Jacobs officials in its efforts to win the Owner's Consultant contract. By receiving advance notice of the short-listed teams' minority firm participation, Jacobs was able to highlight the comparative strengths of its minority firm participation.

Fourth Disclosure to RONAN POTTS: Lowest Bid Will Win

15. It was further part of the scheme that, after the October 25, 2001 interviews of the short listed teams, COUTRETSIS, with FAWELL's knowledge and concurrence, provided to Julie Starsiak, an officer and agent of RONAN POTTS, the Authority Committee's decision to select the lowest bid among the best and final offers, for the purpose of assisting Jacobs's efforts to win the Owner's Consultant contract .

16. It was further part of the scheme that, the same day, after receiving the information from defendant COUTRETSIS, Starsiak, an officer and agent of RONAN POTTS, relayed to representatives of Jacobs that the sole criterion for selecting among the short listed bidders would be price, which information was used by Jacobs in its efforts to win the Owner's Consultant contract. By knowing that the Authority would be selecting the lowest bidder of the finalists, Jacobs was able to develop its final bid number knowing that its bid had to be the lowest to win.

17. It was further part of the scheme that James Nagle and other Jacobs officials used the bid information provided by Julie Starsiak to reduce Jacobs' bid during the best and final offer process from \$18.8 million to \$11.5 million. As a result, Jacobs' best and final offer price was lower than the bids of all of the other short listed firms, including Company A, which did not receive any disclosures of confidential information.

18. It was further part of the scheme that, between at least 1999 and 2002, FAWELL Associate 1, an agent of RONAN POTTS, offered defendant FAWELL, and FAWELL accepted, gifts and other things of value, including, without limitation, meals, golfing, entertainment, vacation benefits and contributions to FAWELL's legal defense fund and that FAWELL did not disclose to the Authority and to the public his receipt of things of value from Fawell Associate 1.

19. It was further part of the scheme that, on or about December 13, 2001, and due to the actions of defendants FAWELL, COUTRETSIS, and agents of RONAN POTTS, and other co-schemers, the Authority selected Jacobs as the recipient of the Owner's Consultant contract and began, in or about August 2002, making payments through the mails and interstate wires on its \$11.5 million price commitment pursuant to the Owner's Consultant contract.

20. It was further part of the scheme that defendants FAWELL, COUTRETSIS, James Nagle, Elizabeth Koski, and agents of RONAN POTTS, including Julie Starsiak and Fawell Associate 1 misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the aforementioned scheme.

21. On or about August 8, 2002, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT FAWELL,
ALEXANDRA COUTRETSIS and
RONAN POTTS,

defendants herein, along with their co-schemers, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be placed in an authorized depository for United States mail and delivered according to the direction thereon an envelope containing an Authority check in the amount of \$119,327.05 and addressed to Jacobs in St. Louis, Missouri;

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT TWO

The SPECIAL AUGUST 2003-1 GRAND JURY further charges

1. The allegations in paragraphs 1-20 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about December 17, 2001, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT FAWELL and
RONAN POTTS,

defendants herein, Alexandra Coutretsis and other co-schemers, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited and delivered by an interstate carrier according to the directions thereon an envelope containing the Owner's Consultant contract addressed to a Jacobs official in St. Louis, Missouri;

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT THREE

The SPECIAL AUGUST 2003-1 GRAND JURY further charges:

1. The allegations in paragraphs 1-20 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.
2. On or about October 16, 2002, at Chicago, in the Northern District of Illinois,
Eastern
Division,

SCOTT FAWELL and
RONAN POTTS,

defendants herein, along with Alexandra Coutretsis and other co-schemers, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be transmitted by means of wire communication in interstate and foreign commerce, signals and sounds, namely a \$49,007.13 wire transfer from the Authority's account at Amalgamated Bank, in Chicago, Illinois, to Jacobs's account at the Bank of America in St. Louis, Missouri;

In violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT FOUR

The SPECIAL AUGUST 2003-1 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. At times material to this Indictment:

A. Pursuant to Section 25.1 of the Authority Act and the written policies and procedures of the Authority, prior to the Authority entering into contracts for professional services in excess of \$10,000, the Authority was required to provide public notice soliciting proposals.

B. Pursuant to Section 24 of the Authority Act, contracts were not to be split into parts involving expenditures of less than \$10,000 for purposes of avoiding the solicitation or bidding requirements.

C. According to the written policies and procedures of the Authority, from at least January 1999 through in or about January 2000, contracts for goods and services for more than \$5,000 generally required approval of the Authority Board. On or about January 1, 2000, pursuant to an amendment to the Authority Act, the \$5,000 threshold was increased to \$10,000.

D. Pursuant to the terms of defendant FAWELL's CEO Conduct Memo, records of Authority business transactions, including contracts and documents reflecting vendor and tenant transactions, were required to accurately reflect the transactions they memorialized.

The Scheme To Defraud

3. Beginning in approximately January 1999 and continuing to at least March 2002, in the Northern District of Illinois, Eastern Division, and elsewhere:

SCOTT FAWELL,

defendant herein, as well as others known and unknown to the Grand Jury, devised and intended to devise, and participated in, a scheme and artifice to defraud the Authority of money, property and the intangible right to the honest services of defendant FAWELL and other officials and employees of the Authority, and to obtain money and property from the Authority, by means of materially false and fraudulent pretenses, representations, promises and material omissions, and in furtherance thereof used the United States mails, which scheme is further described in the following paragraphs:

4. It was part of the scheme that defendant FAWELL fraudulently caused the expenditure of Authority funds for his personal benefit and the benefit of his associates by using Authority funds to:

(A) determine whether FAWELL's office and vehicle were being electronically monitored by federal law enforcement;

(B) make a \$6,000 payment to a close personal associate of FAWELL's (hereinafter "Fawell Associate 3") and her business partner, even though FAWELL was aware that Fawell Associate 3 and her business partner did no work in return for the payment;

(C) pay for the personal use of the McCormick Place Hyatt Hotel by FAWELL, Fawell Associate 1, and Andrea Coutretsis; and

(D) provide benefits to individuals and entities seeking to do business with the Authority, in return for, and in connection with, FAWELL receiving gifts and things of value.

Diverting Authority Funds to Detect Electronic-Monitoring Devices

5. It was further part of the scheme that, beginning in or about mid-March 2001, believing that his activities were the focus of a federal criminal investigation, defendant FAWELL, along with those working at his direction and under his control, including Coutretsis, a high-ranking FAWELL aide (“Authority Employee A”) and an Authority security officer (“Authority Employee B”) caused the expenditure of Authority funds for FAWELL’s personal benefit to conduct inspections or “sweeps” of FAWELL’s office and vehicle to determine whether those locations were being electronically monitored by federal law enforcement.

6. It was further part of the scheme that, on or about March 15, 2001, the day that Larry Hall was publicly charged with federal offenses, FAWELL authorized sweeps to be performed of his office, his office telephone, a nearby conference room, his Authority vehicle and other Authority locations for the purpose of locating recording and transmitting devices relating to what he believed to be an ongoing federal Grand Jury investigation. In order to conduct the sweep of FAWELL’s vehicle, an Authority employee caused the vehicle to be taken to a remote location where additional steps were taken to ensure that the sweep would be performed outside the view of the public.

7. It was further part of the scheme that, on or about November 30, 2001, following the issuance of subpoenas to certain Authority employees as part of a federal Grand Jury investigation, defendant FAWELL caused the expenditure of additional Authority funds to again pay for electronic sweeps of his office, a nearby conference room, and other Authority locations for the purpose of locating recording and transmitting devices.

8. It was further part of the scheme to defraud that, in or about December 2001, FAWELL authorized Authority funds to lease a concealed detection device disguised as a clock

(hereinafter “the concealed detection device”) for \$400 per month, which payments totaled \$2,800, which device was designed to ascertain whether individuals meeting with FAWELL were wearing hidden recording devices relating to a federal Grand Jury investigation.

9. It was further part of the scheme that, in order to conceal the true purpose of this expenditure of Authority funds to benefit defendant FAWELL, FAWELL caused such expenditures to be falsely justified as being necessary to ensure that the Authority’s workplace was secure from “industry competition.”

10. It was further part of the scheme that, in order to conceal the true purpose of this expenditure of Authority funds to benefit defendant FAWELL, Authority Employee A, and Authority Employee B authorized the splitting of such payments, totaling \$16,500, to evade the applicable provisions of the Authority Act and the requisite Board approval.

11. It was further part of the scheme that, around the time of the November 2001 sweep and after meeting with Alexandra Coutretsis, Authority Employee B directed the vendor performing the sweeps to revise the invoice description relating to the November sweep so that the true nature and purpose of the November sweep would not be revealed.

Approving No-Show Payments for Fawell Associate 3 and Her Business Partner

12. It was further part of the scheme that, in or about July 1999, defendant FAWELL directed and personally authorized a 12-month, \$24,000 professional services contract to benefit Fawell Associate 3 and her business partner (hereinafter the “July 1999 Contract”). The Authority made a \$6,000 additional payment on November 1, 2000 for the benefit of Fawell Associate 3 and her business partner.

13. It was further part of the scheme to defraud that, in order to evade the applicable

provisions of the Authority Act and the policies requiring Board approval for such a contract, FAWELL directed that the July 1999 contract be placed as a sub-contract to an existing Authority contract. The vendor of the existing Authority contract was told that the July 1999 Contract was being awarded at FAWELL's direction as a reward for the performance by Fawell Associate 3 and her business partner during the 1998 Ryan gubernatorial campaign.

14. It was further part of the scheme that Fawell Associate 3 and Fawell Associate 3's business partner performed little work to benefit the Authority from the beginning of the contract to early Summer 2000. From early Summer 2000, Fawell Associate 3 and Fawell Associate 3's business partner performed no work whatsoever to benefit the Authority.

15. It was further part of the scheme that when defendant FAWELL learned from Fawell Associate 3 that little or no work was being performed under the terms of the July 1999 Contract, FAWELL personally approved the continuation of payments to Fawell Associate 3 and did not require that any work be performed.

16. It was further part of the scheme that defendant FAWELL authorized the Authority to make a payment of \$6,000, which payment was made in or about November 2000, to Fawell Associate 3 and her business partner, even though FAWELL was aware that Fawell Associate 3 and her business partner did no work to earn the \$6,000.

Misusing Authority Funds For Personal Use of McCormick Hyatt Hotel

17. It was further part of the scheme that on numerous occasions beginning in 1999 and continuing through 2001, defendant FAWELL caused the conversion and misuse of Authority assets, namely, the use of rooms at the McCormick Hyatt hotel, for the personal benefit of FAWELL, Coutretsis and Fawell Associate 1, among others.

Providing Benefits To Authority Contractors Who Gave Things of Value to FAWELL

18. It was further part of the scheme that, from 1999 to at least early 2002, defendant FAWELL took and authorized official actions to benefit individuals and entities seeking to do business with the Authority, in return for, and in connection with, gifts and things of value for the personal benefit of FAWELL.

A. Defendant FAWELL took official action to benefit Fawell Associate 1 in the form of (i) directing the hiring of individuals referred by Fawell Associate 1; and (ii) directing Authority employees to award special access and business to clients of Ronan Potts seeking to do business at the Authority. During the period in which FAWELL was taking these official actions, he received vacation benefits, contributions to his defense fund and other things of value from Fawell Associate 1. FAWELL did not disclose to the Authority or the public his receipt of things of value from Fawell Associate 1.

B. Defendant FAWELL took official action to benefit an individual known to him (hereinafter "Vendor 1") in the form of authorizing Vendor 1 to obtain a vendor cart at the Authority. In and around the time of FAWELL's official action, FAWELL received free installation and services relating to a satellite dish for his personal residence from Vendor 1. FAWELL did not disclose to the Authority or the public his receipt of things of value from Vendor 1.

C. Defendant FAWELL took official action to benefit an individual known to him (hereinafter "Vendor 2") in the form of authorizing Vendor 2 to become a preferred vendor and receive numerous business opportunities at the Authority. During the period in which FAWELL was taking these official actions, he received vacation benefits and other things of value from Vendor 2.

FAWELL did not disclose to the Authority or the public his receipt of things of value from Vendor 2.

19. It was further part of the scheme that defendant FAWELL and other co-schemers misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the aforementioned scheme.

20. On or about March 7, 2002, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT FAWELL,

defendant herein, along with his co-schemers, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited, in an authorized depository for United States mail to be delivered according to the direction thereon, an envelope containing an Authority check in the amount of \$1,200 to the company which provided the concealed detection device;

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT FIVE

The SPECIAL AUGUST 2003-1 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment and paragraphs 2 and 12-16 of Count Four of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about March 12, 2001, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT FAWELL,

defendant herein, along with Fawell Associate 3 and other co-schemers, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be delivered by United States mail according to the direction thereon an envelope containing a \$2,000 check from the existing Authority vendor and addressed to Fawell Associate 3's company in Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT SIX

The SPECIAL AUGUST 2003-1 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment and paragraph 2 and 18-19 of Count Four of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about April 21, 2001, at Chicago, in the Northern District of Illinois, Eastern Division,

SCOTT FAWELL,

defendant herein, along with Vendor 2 and other co-schemers, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be placed, in an authorized depository for United States mail to be delivered according to the direction thereon, an envelope containing a \$48,463.03 check on behalf of the Authority and addressed to Vendor 2 in Bridgeview, Illinois;

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT SEVEN

The SPECIAL AUGUST 2003-1 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about July 18, 2003, in Chicago, in the Northern District of Illinois, Eastern Division,

JAMES NAGLE,

defendant herein, did knowingly and willfully make materially false, fictitious and fraudulent statements and representations in a matter within the jurisdiction of the Postal Inspection Service, an agency within the executive branch of the Government of the United States, when he stated that:

(1) After Jacobs had submitted its initial bid to the Authority, there was no involvement by Ronan Potts on Jacobs' behalf; and

(2) Jacobs never had any information prior to its submission of the "best and final offer" on where its number had to be or what the bids of the competitors were;

All in violation of Title 18, United States Code, Section 1001(a)(2).

COUNT EIGHT

The SPECIAL AUGUST 2003-1 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about July 18, 2003, in Chicago, in the Northern District of Illinois, Eastern Division,

ELIZABETH KOSKI,

defendant herein, did knowingly and willfully make materially false, fictitious and fraudulent statements and representations in a matter within the jurisdiction of the Postal Inspection Service, an agency within the executive branch of the Government of the United States, when she stated that:

(1) KOSKI had not met with Julie Starsiak on an occasional basis to discuss the proposal to the Authority regarding the Owner's Consultant contract;

(2) While she had a conversation with Starsiak, wherein Starsiak recommended that KOSKI contact Authority Board members, this conversation was the only conversation she recalled having with Starsiak concerning the Owner's Consultant contract; and

(3) There was definitely an effort to distance Ronan Potts from any involvement in assisting Jacobs with securing the Owner's Consultant contract.

All in violation of Title 18, United States Code, Section 1001(a)(2).

COUNT NINE

The SPECIAL AUGUST 2003-1 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. At times material to this count of the Indictment:

A. Defendant STARSIK was interviewed by federal law enforcement agents on, among other dates, July 16, 2003. On this occasion, the parties agreed that the terms of the Immunity Order would apply to the interview.

B. At the outset of the July 16, 2003 interview, STARSIK acknowledged that she understood that the Immunity Order required her to provide complete and truthful statements and that she could be prosecuted for making false statements if she provided false statements in the interview.

3. On or about July 16, 2003, in Chicago, in the Northern District of Illinois, Eastern Division,

JULIE STARSIK,

defendant herein, did knowingly and willfully make materially false, fictitious and fraudulent statements and representations in a matter within the jurisdiction of the Federal Bureau of Investigation and the Postal Inspection Service, agencies within the executive branch of the Government of the United States, when she stated that:

(1) After the August 28th submittals by Jacobs, Fawell Associate 1 called her into his office and stated, "Get Nagle on the phone." STARSIK then overheard Fawell Associate 1 tell James Nagle, words to the effect of: "If it's in your best interest, you need to lower your price," by

what STARSIAK recalled was either a specific dollar amount or a percentage; and

(2) STARSIAK could not recall ever having a conversation with Nagle regarding the bid

price for the Owner's Consultant contract, however, she overheard the above-described conversation between Nagle and Fawell Associate 1.

All in violation of Title 18, United States Code, Section 1001(a)(2).

FORFEITURE ALLEGATIONS

The SPECIAL AUGUST 2003-1 GRAND JURY further charges:

1. The allegations contained in Counts One through Three of this Indictment are realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of their violations of Title 18, United States Code, Section 1341 and 1343, as alleged in the foregoing Indictment,

SCOTT FAWELL and
RONAN POTTS,

defendants herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all right, title and interest in property, real and personal, which constitutes and is derived from proceeds traceable to the charged offenses.

3. The interests of the defendants subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) include but are not limited to:

a) All benefits, including financial benefits, defendant FAWELL received from RONAN POTTS and Fawell Associate 1; and

b) At least \$96,000 representing proceeds of the RONAN POTTS-Jacobs agreement, which payments were deposited into RONAN POTTS' LaSalle Bank account number #5800301789.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of the defendants:

(a) Cannot be located upon the exercise of due diligence;

- (b) Has been transferred or sold to, or deposited with, a third party;
- (c) Has been placed beyond the jurisdiction of the Court;
- (d) Has been substantially diminished in value; or
- (e) Has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code,

Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

Foreperson

United States Attorney